Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Text

LIMITED OFFICIAL USE

PAGE 01 BONN 15820 01 OF 02 011513Z

44
ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

DRC-01 SAJ-01 /194 W
---------- 004966
R 011410Z NOV 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8467
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS
USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 01 OF 02 BONN 15820

E.O. 11652: GDS
TAGS: ETRD, EAGR, EC, GW
SUBJECT: FRG ADOPTING LESS AMBITIOUS POSITION ON REVIEW
OF THE CAP

1. SUMMARY. ON NOVEMBER 7, THE FRG CABINET WILL CONSIDER THE GERMAN POSITION ON REVIEW OF THE CAP. THE AMBITIOUS ALTERNATIVES FOR REFORM HAVING BEEN ALREADY REJECTED BY THE MINISTRIES AS POLITICALLY UNREALISTIC, PARTICULARLY IN THE EC CONTEXT, THE CABINET WILL CONSIDER TWO ALTER-NATIVES FOR MODEST ADJUSTMENT. FRG SOURCES ARE UNSURE
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 BONN 15820 01 OF 02 011513Z

REGARDING THE PROSPECTS FOR EC ACTION ON THESE MODEST

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

FRG ASPIRATIONS BUT BELIEVE THIS WILL BE DETERMINED ONLY AT THE TIME OF 74 AGRICULTURAL PRICE DISCUSSIONS. END SUMMARY.

2. AN ECONOMICS MINISTRY SOURCE HAS BRIEFED US ON THE CURRENT STATE OF FRG CONSIDERATION OF ITS POSITION FOR THE UPCOMING EC DISCUSSION OF REVIEW OF THE CAP. ACCORDING TO THIS SOURCE, THE AGRICULTURAL MINISTRY STAFF HAD EARLIER PREPARED AN AMBITIOUS POSSIBLE FRG INITIATIVE, INVOLVING CHANGED PRICE RELATIONSHIPS IN THE LIVESTOCK-FEED GRAIN SECTOR, INTRODUCTION OF SOME DIRECT INCOME AIDS AND SOME CORRESPONDING CHANGES IN THE VARIABLE LEVY SYSTEM. THIS MODEL WAS REJECTED IN INTER-MINISTERIAL DISCUSSION, ALBEIT WITH SOME FEEL FOR THE POLITICAL JUDGMENT HIGHER UP IN THE GOVERNMENT THAT THERE WAS NO POINT IN CONFRONTING THE FRENCH WITH SUCH A HERETICAL PROPOSAL AT THIS POINT. IN SHORT, THE PROSPECTS OF GETTING REASONABLE DISCUSSION OF SUCH A MODEL IN BRUSSELS WERE CONSIDERED ZERO. ANOTHER FACTOR WAS THE FRG'S OWN RELUCTANCE TO GIVE UP ITS PRESENT COMPENSATORY ADJUSTMENTS AT THE BORDER IN RETURN FOR CAP CHANGES.

3. MINISTRY OF AGRICULTURAL CONTACTS HOWEVER INDICATED THEIR PROPOSALS WOULD REDUCE BUDGET COSTS BY SHIFTING PRODUCTION FROM SURPLUS GRAIN - WHEAT TO FEED GRAINS - AND BY LIMITING INTERVENTION AND HENCE GOVERNMENT GRAIN PURCHASES IN GERMANY. THE FIRST OBJECTIVE WOULD BE ACCOMPLISHED BY A QUOTA ALLOTMENT ON WHEAT AND POSSIBLY RYE PRODUCTION AT THE FARM LEVEL. EXCESS WHEAT PRODUCTION ABOVE MILLING REQUIREMENTS WOULD THEN COMPETE WITH BARLEY FOR FEED PURPOSES. TO REDUCE GOVERNMENT GRAIN PURCHASES THE GERMANS WOULD OPT FOR AN INCREASE IN THE MONTHLY PRIVATE STORAGE INCREMENT AND SUPPORT THIS ACTION BY SHORTENING THE INTERVENTION PERIOD TO THE LAST FEW MONTHS OF THE CROP YEAR.

4. THE AGRICULTURAL AND ECONOMICS MINISTRIES HAVE SUBSEQUENTLY EACH PREPARED THEIR OWN MINI-REFORM PROGRAMS, BOTH OF WHICH ARE SCHEDULED TO BE CONSIDERED BY THE CABINET ON NOVEMBER 7. BOTH ARE MODEST EFFORTS TO AD-

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

NNN

LIMITED OFFICIAL USE

44
ACTION EUR-25

INFO OCT-01 IO-14 ISO-00 AGR-20 CEA-02 CIAE-00 COME-00

DODE-00 EB-11 FRB-02 H-03 INR-10 INT-08 L-03 LAB-06

NSAE-00 NSC-10 PA-04 RSC-01 AID-20 CIEP-02 SS-20

STR-08 TAR-02 TRSE-00 USIA-15 PRS-01 SPC-03 OMB-01

DRC-01 SAJ-01 /194 W
---------- 004950
R 011410Z NOV 73
FM AMEMBASSY BONN
TO SECSTATE WASHDC 8468
INFO AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY DUBLIN
AMEMBASSY LONDON
AMEMBASSY LUXEMBOURG
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY THE HAGUE
USMISSION EC BRUSSELS
USMISSION GENEVA

LIMITED OFFICIAL USE SECTION 02 OF 02 BONN 15820

DRESS THE PROBLEMS OF SURPLUS PRODUCTION AND SOME DIS-
CIPLINE FOR EC AGRICULTURAL PRICE SETTING. THE AGRICUL-
TURAL MINISTRY PROPOSAL SUGGESTS THAT EC INTERVENTION
PRICES BE FROZEN FOR ANY PRODUCT DECLARED IN SURPLUS.
INCREASES IN INTERVENTION PRICES FOR OTHER PRODUCTS
WOULD BE TIED TO A FORMULA, WHICH ALLEGEDLY APPROXIMATES
THE ANNUAL INCREASE IN INDUSTRIAL WAGES LESS THE INCREASE
IN AGRICULTURAL PRODUCTIVITY.

5. THE ECONOMICS MINISTRY MODEL WOULD REDUCE INTER-
VENTION PRICES FOR PRODUCTS EXPECTED TO BE IN SURPLUS IN
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

THE COMING YEAR BY THE AMOUNT OF A SPECIAL "ASSESSMENT" SET AT A LEVEL DESIGNED TO ELIMINATE THE PROSPECTIVE SURPLUS. OTHER INTERVENTION PRICES WOULD CONTINUE TO BE SET BY THE COUNCIL, BUT WITHIN ORIENTATION POINTS OR LIMITS FOR INCREASES. TWO SUGGESTED ORIENTATION POINTS ARE THE COUNCIL'S GUIDELINE ON THE DESIRABLE DEVELOPMENT OF THE GENERAL PRICE LEVEL DURING THE YEAR IN QUESTION AND A GENERAL PRESUMPTION AGAINST ANY PRICE INCREASE LIKELY TO RAISE THE EC'S SELF-SUFFICIENCY RATIO FOR A SPECIFIC PRODUCT.

6. FRG SOURCES ARE NOT AT ALL SURE THAT THE FRENCH WILL ACCEPT EVEN A MINI-REFORM OF THE CAP. CHANCELLORY OFFICIALS CLAIM THAT THE COMMISSION'S THINKING AT LEAST IS CLOSE TO BONN'S AT THIS POINT. FORMAL ACTION IN THE COUNCIL IS NOT EXPECTED HERE BEFORE THE DISCUSSION OF FARM PRICES IN EARLY 74, WHICH MAY BE FOLDED INTO THE REFORM DISCUSSION.
HILLENBRAND

LIMITED OFFICIAL USE

NNN

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: AGRICULTURAL PRODUCTION, CABINET MEETINGS, AGRICULTURAL POLICIES, AGRICULTURAL PRICES, GRAINS
Control Number: n/a
Copy: SINGLE
Draft Date: 01 NOV 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: garlanwa
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BONN15820
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BONN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731162/aaaabtjo.tel
Line Count: 188
Locator: TEXT ON-LINE
Office: ACTION EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: garlanwa
Review Comment: n/a
Review Content Flags:
Review Date: 31 JUL 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <31-Jul-2001 by boyleja>; APPROVED <24-Sep-2001 by garlanwa>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: FRG ADOPTING LESS AMBITIOUS POSITION ON REVIEW OF THE CAP
TAGS: ETRD, EAGR, GE, EEC
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005

Declassified/Released US Department of State EO Systematic Review 30 JUN 2005